

City of Miami Beach - Special City Commission Meeting
Commission Chambers, 3rd Floor, City Hall
1700 Convention Center Drive
October 31, 2003

Mayor David Dermer
Vice-Mayor Jose Smith
Commissioner Matti Herrera Bower
Commissioner Simon Cruz
Commissioner Luis R. Garcia, Jr.
Commissioner Saul Gross
Commissioner Richard L. Steinberg

City Manager Jorge M. Gonzalez
City Attorney Murray H. Dubbin
City Clerk Robert E. Parcher

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ATTENTION ALL LOBBYISTS

Chapter 2, Article VII, Division 3 of the City Code of Miami Beach entitled "Lobbyists" requires the registration of all lobbyists with the City Clerk prior to engaging in any lobbying activity with the City Commission, any City Board or Committee, or any personnel as defined in the subject Code sections. Copies of the City Code sections on lobbyists laws are available in the City Clerk's office. Questions regarding the provisions of the Ordinance should be directed to the Office of the City Attorney.

Call to Order - 2:00 p.m.

REGULAR AGENDA

R9 - New Business and Commission Requests

- R9A Discussion Regarding Amendment One To The 1996 Interlocal Agreement Between The City Of Miami Beach And Miami-Dade County Dated April 24, 2001, And Amended May 22, 2001, ("Amendment One") With Respect To The Convention Development Tax And The Baseball Stadium Project.

(City Manager's Office)

End of Regular Agenda

CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139
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COMMISSION MEMORANDUM

To: Mayor David Dermer and
Members of the City Commission

Date: October 31, 2003

From: Jorge M. Gonzalez
City Manager

Subject: **DISCUSSION REGARDING AMENDMENT ONE TO THE 1996 INTERLOCAL AGREEMENT BETWEEN THE CITY OF MIAMI BEACH AND MIAMI DADE COUNTY, DATED APRIL 24, 2001, AND AMENDED MAY 22, 2001, ("AMENDMENT ONE") WITH RESPECT TO THE CONVENTION DEVELOPMENT TAX AND THE BASEBALL STADIUM PROJECT.**

BACKGROUND

As part of today's Special City Commission meeting, this memorandum will provide relevant background information regarding Amendment One, Convention Development Tax receipts, Miami-Dade County action scheduled for November 4, 2003 and the potential impact on the City of Miami Beach.

By way of background, on March 15, 2000, the Mayor and City Commission adopted Resolution No. 2000-23841 authorizing the City Manager to refine a list of proposed Convention Development Tax ("CDT") eligible projects and to request an allocation and distribution of the two-thirds portion of the CDT sufficient to provide funding for such projects which was submitted to the County.

On December 17, 2000, a Letter of Intent was signed between Miami-Dade County Mayor Alex Penelas and John Henry, owner of the Florida Marlins, regarding the financing of a new baseball stadium and amongst other items, identified CDT to finance a portion of the baseball stadium project.

On December 20, 2000, the Mayor and City Commission adopted Resolution No. 2000-24196 stating that prior to the use of CDT for any projects other than the Performing Arts Center (PAC), the City's share of CDT should be assured to maintain the convention center, supporting facilities and other eligible projects. To that end, the City continued discussions with the County, culminating in Amendment One.

On April 26, 2001 and on May 16, 2001, the Board of County Commissioners and the Miami Beach City Commission adopted Resolution R-453-01 and Resolution 2001-24395, respectively, approving Amendment One to the 1996 Interlocal Agreement which provides for the allocation of CDT funds to the City in the event the County provides financing for a new baseball stadium project before December 1, 2003 and an alternative allocation in the event no baseball stadium is constructed. A summary of the relevant terms is attached (see Exhibit "A").

Agenda Item R9A
Date 10-31-03

The parties negotiated a December 1, 2003 deadline, as stated in the County Manager's Commission Memorandum dated April 24, 2001, accompanying Amendment One, "to allow time for legislative action, for negotiations with the team, and for the commitment of the CDT funds."

CDT Overview

For the past two years, the Administration has been closely monitoring 1) Convention Development Tax (CDT) receipts; 2) Board of County Commission CDT-related actions; and 3) the County's efforts to develop a baseball stadium, including statements to the media.

On January 29, 2002, the Miami-Dade County Board of County Commission contracted with Strategic Advisory Group LLC to develop five and ten year projections for the CDT and other tourist taxes (see attached Exhibit "B"). The report states that while CDT collections from 2002 to 2012 will experience normal, possibly even healthy growth, it projects that collection levels will not reach the 2001 high-level mark until late 2004 or 2005. Also attached are the actual results for 2000-2003 (see attached Exhibit "C"). FY02 receipts were 17.3% below receipts for FY01. FY03 receipts were 8.2% higher than FY02, but had not fully recovered and were 10.4% below FY01 receipts.

The County's report on CDT showed the Compound Annual Growth Rate (CAGR) from 1988-2001 was 7.1%. Although the analysis in the report projects a CAGR of 3.1% from 2001 until 2012, projections were made with a CAGR of 5.6%. Based on the County's 5.6% growth projection, CDT collections will not reach the threshold level that will trigger sharing of excess CDT receipts during the term of Amendment One. If receipts are consistently 1.5% higher than projected the threshold will not be met until 2018.

In 1996, the City CDT collections represented approximately 31.8% of the total CDT receipts. By year-end 2000, the Miami Beach share of countywide CDT receipts had grown to 40.2%, 41% in 2001, 39% in 2002, and 48% so far this year (January-August), indicative of Miami Beach's greater and increasing proportionate contribution to the County-wide recovery. As it relates to the 2/3 portion of the CDT collections, Miami Beach has generated an increased proportionate share of the 2/3 portion increasing from 58% in 2000, to 62% in 2001, 59% in 2002, and to 72% so far this year.

In the July 11, 2003 budget message for the County's 2003/04 budget, the County Manager reported that it could not meet certain current CDT commitments and that there was no CDT capacity for new projects. Additionally, various newspaper reports over the past two years and as recently as August and October 2003 included quotes from the County Manager, Finance Director, and Budget Analyst indicating that tourist tax revenues had not improved enough to support funding of new projects.

County Agenda – November 4, 2003

Attached is the County Memorandum including Agenda Item No. 10(A)(5) to be considered on November 4, 2003 by the Board of County Commissioners (see attached Exhibit "D"). The attached Resolution states:

"RESOLUTION PLEDGING AVAILABLE CONVENTION DEVELOPMENT TAX AND PROFESSIONAL SPORTS FRANCHISE FACILITY TAX PROCEEDS FOR THE DEVELOPMENT AND CONSTRUCTION OF BALL PARK FOR FLORIDA MARLINS, L.P.; APPROVING CERTAIN CONDITIONS AND AUTHORIZING COUNTY MANAGER TO NEGOTIATE ANY AND ALL RELATED AGREEMENTS SUBJECT TO FINAL BOARD APPROVAL"

Impact on City of Miami Beach

In the "Baseball" scenario, the City may not be entitled to receive a payment of \$50 million for a Convention Center Complex Area project, to include expansion and improvement of the Convention Center Complex exhibition halls and related facilities, including parking and staging areas.

Over the past two (2) years, the City has proceeded in formulating the scope of such a Convention Center Complex Area project as evidenced by the following actions:

- Analysis of the potential expansion of Convention Facilities in Greater Miami and the Beaches, dated November 5, 2001, conducted by Conventions, Sports and Leisure International (CSL) which recommends that a 50,000 sf. multipurpose general assembly banquet hall would increase the marketability of the Miami Beach Convention Center, focusing on large exhibit space users and not for stand-alone events.
- On October 23, 2001, the Convention Center Advisory Board and Convention Center Capital Projects Oversight Committee held a joint meeting and recommended approval of both the Convention Center Expansion Project as proposed by CSL and the amendment to the City Center Redevelopment Plan, which also includes the Convention Center Expansion project.
- On June 19, 2002 the Miami Beach Redevelopment Agency/City Commission adopted Resolution No. 424-2002 and 2002-24899, respectively amending the City Center Redevelopment Plan to include the Convention Center expansion project.
- On October 25, 2002, the City of Miami Beach Finance and Citywide Projects Committee discussed and recommended approval to proceed with City Hall Expansion Garage and subsequent Convention Center Expansion Project.

- On January 23, 2003 the Board of County Commissioners adopted Resolution R-14-03 amending the City Center Redevelopment Plan, to include the Convention Center expansion project.
- In August 2003, the City engaged the services of the national arts-management consulting firm, AMS Planning & Research Corp efforts to identify strategies and tools to promote and leverage the Beach's arts and cultural facilities in anticipation of the CDT receipts. Over the past several months, AMS and the Department of Tourism and Cultural Development (TCD) have administered surveys to arts facilities and organizations throughout Miami Beach. The data collected has enabled AMS to assess existing facilities and gather information from organizations regarding key operating issues and create strategies for further development of the arts on Miami Beach, specifically in regards to their needs and the capabilities of the City's existing facilities.

Additional administrative efforts have been exercised as follows:

- Development of a Scope of Services for issuance of an RFQ for Architectural, Engineering, Design and Construction Administration Services for the Convention Center Expansion (see attached Exhibit "E").
- Recently executed Management Agreement between the City of Miami Beach and SMG includes provision for SMG to assist with discussions relative to design and operational consulting in connection with the proposed Convention Center Expansion Project
- SMG is in the process of negotiating a "Preliminary Site Analysis" to be conducted by Thompson, Ventulett, Stainback & Associates.

CONCLUSION

The City has verbally communicated to the County Manager that the use of CDT receipts is governed by the terms of Amendment One and as such, the City expects the County to fulfill its obligations as set forth in said Amendment One and the City fully expects the County to live up to the terms of its contract.

JMG/CMC/rar

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Attachment

Exhibit "A"

2001 Amendment One to the Interlocal ("Amendment One")

The fundamental terms of Amendment One are as follows:

In the event an agreement is reached regarding a baseball stadium and CDT funds are pledged for the project by December 1, 2003, the following provisions would be in effect under the terms of the Amendment:

1. The 1996 Interlocal Agreement, as amended, shall continue in full force and effect through the term of any financial agreements providing CDT in support of the development of the stadium project or for the Performing Arts Center Project.
2. A subsidy of \$3 million paid by April 1, 2002 and \$4.5 million paid by April 1 of each year thereafter shall be paid to the City through the term of this agreement. This represents a \$1.5 million increase in 2002 from the amount in the current agreement and an increase of minimum annual payments from \$1.1 million from 2003 through 2026 to a fixed payment of \$4.5 million through the term of this Amendment (anticipated to be at a minimum through 2040).
3. A net capital contribution of \$15 million shall be paid to the City from the first CDT-backed bond sale by the County subsequent to the effective date of this amendment to be used for Convention Center Complex Area projects.
4. A \$2 million payment to the Miami-Dade Public Library System from the City shall be made within 60 days of the \$15 million capital contribution to the City for the County to purchase books and materials for the new regional library in Miami Beach. In the event that such capital contribution is subsequent to the completion of the Library, the County will provide the books for the Library and will be reimbursed the \$2 million by the City.
5. The County and City will share excess annual CDT receipts beyond the County's projections of eight percent growth in 2001, seven percent growth in the year 2002-2004 and five percent growth for each year thereafter. The specific amounts to be shared are outlined in the Amendment. To date, the City has not realized any share or distribution of proceeds as the CDT growth has fallen significantly short of projections due to September 11, 2003.
6. For the vast majority of the term of the Amendment, the City and County will share equally any annual excess CDT receipts above the County's five percent annual growth estimate and the cap of 7.56 percent. The County will receive 100 percent of any annual CDT receipts in excess of the 7.56 percent annual growth figure based on the current CDT rate.
7. The City and the County agree that the South Pointe Redevelopment District shall be terminated effective September 30, 2005. From 2005 through 2020 the County will annually appropriate and provide an amount equal to 50 percent of incremental countywide property tax revenue from the geographic area formally

known as the South Pointe Redevelopment Area (RDA) area payable from non-ad valorem revenue sources for projects in such geographic area. From 2005 through 2020 the City shall also annually appropriate and provide an amount equal to 50 percent of incremental municipal property tax revenue from the geographic area formally known as the South Pointe RDA for projects in such geographic area. From 2005 through 2016 the County will also provide an amount equal to 25 percent of incremental countywide property tax revenue from the geographic area formally known as South Pointe CRA area payable from non-ad valorem revenue sources.

8. Additionally, the Amendment sets forth the City's agreement to support all County and State legislative initiatives related to the financing and development of the baseball stadium project.

The City benefits through its receipt of the County's 50% of the increment for the South Pointe area and 25% of the increment for the use throughout the City. The City also retains 50% of the City's increment in the general fund. Consequently, this adjustment was beneficial to both the City and the County.

In the event that CDT funds are not pledged for the stadium project by December 1, 2003, certain terms of the amendment change. The provisions that change are:

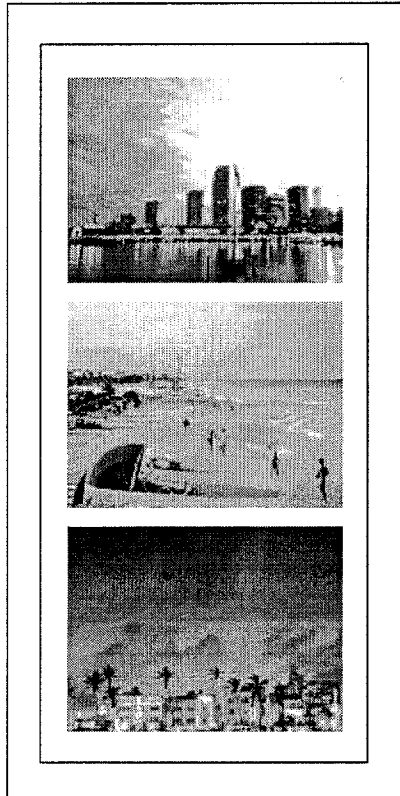
1. The term of the agreement is through 2040. This change affects point 1 above.
2. The payment schedule, as noted in point 5 above, is modified to eliminate payments prior to 2005, and beginning in 2005, 50 percent of excess CDT revenue between five percent County growth estimates and a cap of 7.56 percent growth as outlined in a dollar-specific schedule are made to the City for the terms of the agreement. Such payments are capped at \$50 million per year (adjusted for inflation).
3. In the event that payments are made in 2001, 2002, and 2003 and assuming a subsequent agreement would be reached with the team, the County would be reimbursed through a credit on the scheduled payments from excess CDT to the City beginning in 2005.
4. The City will be paid on May 1, 2004, \$50 million for a CDT eligible capital project in the Convention Center Area.

The projected growth in CDT revenues upon which the assumptions for the baseball stadium are based is approximately five percent per year for the term of the agreement.

Exhibit "B"

MIAMI-DADE COUNTY

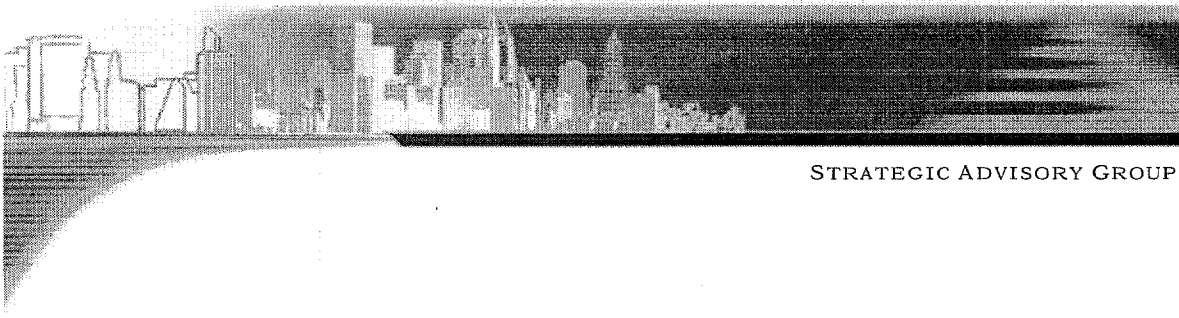
Convention Development Tax Review



EXECUTIVE SUMMARY REPORT

July 2002

STRATEGIC ADVISORY GROUP LLC



STRATEGIC ADVISORY GROUP

July 1, 2002

Mr. Ian Yorty
Metropolitan Dade County
Stephen P. Clark Center
Suite 210
111 Northwest First Street
Miami, FL 33128

Dear Mr. Ian Yorty:

We have completed our engagement to review the Convention Development Tax (CDT) receipts and to prepare a projection of these reports over the next ten-year period.

The data included in this report has been extracted from information supplied to us during discussions with representatives of Miami-Dade County (MDC) and various other primary and secondary sources. We have utilized sources that are deemed to be reliable but cannot guarantee their accuracy. Moreover, estimates and analyses regarding the project are based on trends and assumptions and, therefore, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

We have enjoyed working on this project and our relationship with the project team. We look forward to providing you continued services in the future.

Sincerely,

Strategic Advisory Group

INTRODUCTION

According to several travel sources, Miami-Dade County (MDC) is one of the nation's top destinations. Taxes generated from the visitor industry are used to sustain and improve the County and City's infrastructure and operations, and as such play an important role in the overall health of MDC.

As part of its budgeting process, MDC typically assesses its various revenue sources, including the 3% tax collected on qualifying hotel and motel sales known as the "Convention Development Tax" (CDT). Projections were performed twice in the past decade, both by KPMG. In 1992, there was a 20-year projection on the Professional Sports Franchise Facilities Tax. In 1997, a 10-year projection of the CDT was completed. That report conveyed the positive changes that MDC had seen since 1985 and discussed its resiliency as a market when faced with adversity.

The 1997 projection discussed how MDC eventually overcame the 1993 events of violent crimes against foreign tourists, and how those negative images of the County associated with those events were diminished in time. While Hurricane Andrew had the potential to once again negatively impact the tourism industry, the

long stay of relief and construction workers spared it.

Despite these potential long-term setbacks, MDC's visitor industry has historically rebounded and moved forward. As a result, many new hotel project developments helped to spark a surge of interest from domestic and international travelers. And in the latter half of the 1990's, MDC successfully shared in what has been called the greatest period of growth in the hotel industry's history.

As MDC moves forward to today and the circumstances surrounding this report, it finds itself facing another, albeit unprecedented, adversity. The attacks of September 11, 2001 had a material impact on all of major destination markets, including MDC.

Since September 11, there has been and continues to be a considerable decrease in the local hotel and travel industry business. MDC desires to gauge the potential size and duration of this decrease, and how this tragedy might impact MDC's future CDT tax revenue. Therefore, MDC engaged the Strategic Advisory Group (SAG) of Atlanta to assist them in looking at the potential of the CDT for the next ten years.

"Despite these potential long-term setbacks, MDC's visitor industry has historically rebounded and moved forward."

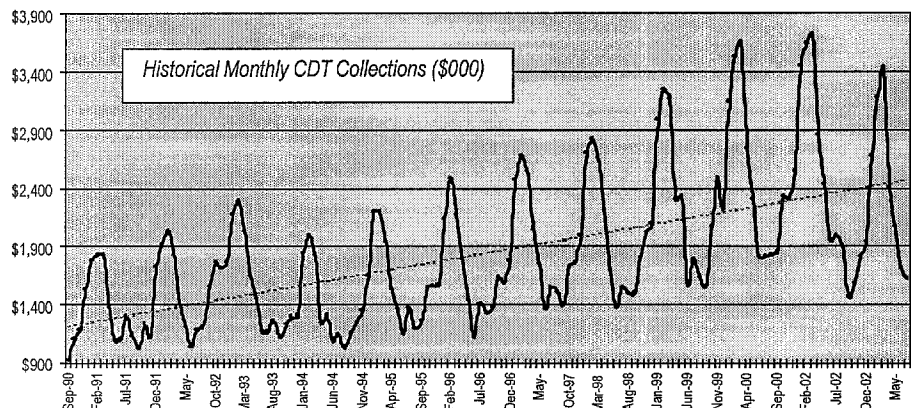
EXECUTIVE SUMMARY

Miami-Dade County's Convention Development Tax (CDT) was initiated in 1983 and is assessed at rate of 3% on all qualifying hotel and motel sales. Since 1988, the gross collections have grown nearly 243% to almost \$32 million. Two-thirds of the collected revenue is allocated to Miami-Dade County (MDC) and the remaining one-third to the Miami Sports & Exhibit Authority.

The CDT is calculated by multiplying MDC's hotel demand (occupied room nights) by the average daily rate charged for those occupied rooms. This report discusses these key variables, as well as other variables such as local room supply and occupancy rates, national economics, local demographics, and comments from hotel industry experts on the current and future state of the industry.

Demand: The total occupied room nights (ORN) in the market for any given year represents hotel demand. Demand in MDC suffered largely due to the impacts of September 11. According to Smith Travel Research (STR), the calendar year 2002 occupancy for the entire county continues to fall nearly 10% below the 2001 levels. Based on the continued lag in overall major-destination hotel demand, continued fears on the part of many of air travelers, the recessionary climate of recent months, the comments of some industry and overall economy experts, and other economic factors, it is not projected that the demand for MDC hotels will reach their 2000 level until some time in 2006. Chart 1.1 on page 5 shows the historical and projected ORN. Actual projection amounts are presented in Table 1.1 on page 9.

This projected five-year lag between the previous high level and recovery is not unprecedented. In 1993, the MDC market reached new heights in total hotel demand and in fact never reached that level again despite the robust years of 1998 through 2001. Considering that demand was very high in 1993, some might say artificially so, due to Hurricane Andrew recovery and construction workers, it may be useful to consider 1992 as a more typical high-level. Based on the mark of 1992, and excluding the extraordinary year of 1993, the MDC hotel demand took approximately three and one-half years until between 1996 and 1997 to "rebound" back to the 1992 level.



Supply: Since 1988, overall supply in the market has grown at an annual compound rate of 1.4%. As shown in Chart 1.2 on page 6, the bulk of the growth was seen in the Upscale and Luxury segments (3.5% and 2.9% compound growth, respectively), while the Budget segment actually decreased at a compound growth rate of 3.2% each year. Research indicates more supply will be coming into the MDC market over next several years, mostly in the high-priced luxury segment. Given that new supply is financed and under construction (refer to page 16 in Appendix for complete listing), and that demand is expected to recover slowly over a period of years, it is not anticipated that much new supply will enter the MDC

market until towards the end of the 10-year projection period.

Room Rates: Another heavily impacted factor of the September attacks was hotel room rates, or average daily rates (ADR). In an attempt to help recapture demand, the hotels in MDC lowered rates and are now, some 12 months later, experiencing difficulty in achieving rate growth. Many large first tier markets have created similar dilemmas. As demand begins to slowly rebuild, the hotel customer continues to demand the lower rates or threatens to take the business to another property that will offer reduced rates. This has continued to stall any real rate growth and is a concern of many industry experts. According to a recent article in Fortune magazine, the hotel industry is not alone. Many auto manufactures offering zero interest payment options over an extended period of time has helped to create an expectation in minds of consumers. In short, it has become the consumers "new normal."

Given this new normalcy, combined with a stuttering economy and an upcoming increase in supply (which was conceptualized and developed based on the "old" normal rates and pre-September 11 demand levels), it is not projected that the ADR will recover as it had in the past. This situation is the most significant factor differing the current adversity from those MDC weathered in the past.

As shown in Chart 1.3 on page 7, it is projected that a fundamental shift in MDC hotel rates has occurred. It is projected that the high-level mark of 2001 ADR will not be reached again until approximately 2004. This three-year lag in real ADR rate is unprecedented in MDC history. In fact, the only true decrease in ADR was in 1994, due mainly to the unusually high rates

charged in 1993 given that year's unusually high demand. However, even considering the non-typical 1993 room rates, the ADR in 1994 was still 3.3% higher than the rate charged in 1992.

CDT Collections: The fiscal year 2002 CDT collections were some 17% to 20% lower than 2001. Based on the demand and ADR projection discussed earlier, it is projected that the CDT collections from 2002 to 2012 will experience a normal, even healthy growth. However, as shown in Chart 1.4 on page 8, it is not projected that the CDT collection levels (net of administrative fees) will once again reach the 2001 high-level mark of nearly \$31 million until late 2004 or early 2005.

Perhaps another way of considering the relative lower severity of the projected four-year lag in CDT collections is to again look at history. If 1993 were looked upon as not an unusual year in the MDC hotel market but a normal year that saw the convergence of several external factors that ultimately resulted in high CDT collections (similar to the factors of extraordinarily high stock market levels, personal wealth, and the technology boom that led to high CDT in the late 1990's), then the CDT collections for that year would be, in the long-term, normal. If that were the case, then MDC waited over three years, until early 1997, until it enjoyed the same level of the CDT collected in 1993.

Sensitivity Analysis: Because projections are based on assumptions, and actual occurrences are often different than expected ones, it is useful to understand the sensitivity of the CDT projections. Although there are many assumptions in this report with respect to supply, demand, and room rates, it is

"This situation is the most significant factor differentiating the current adversity from those MDC weathered in the past."

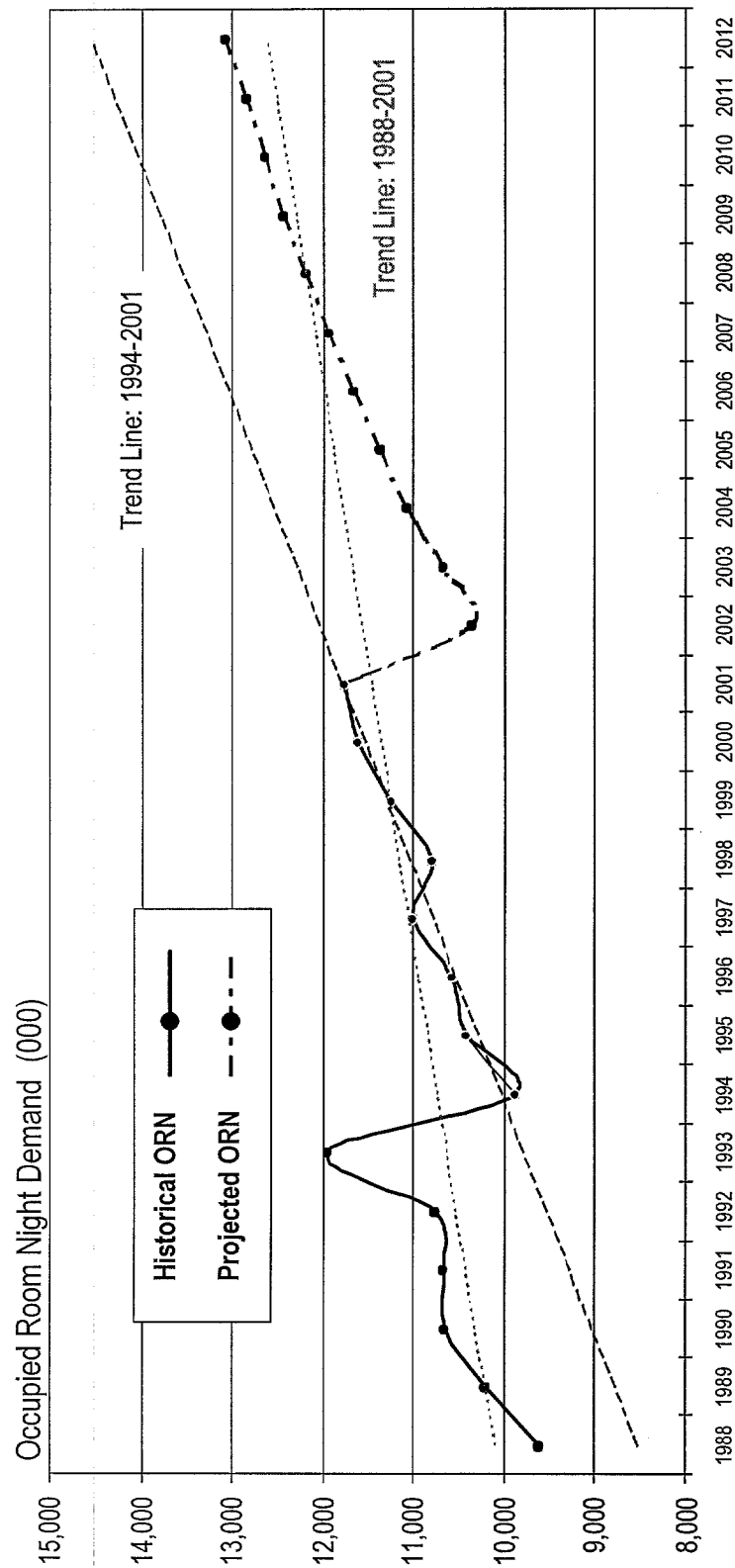
simplest to look at the sensitivity of the growth rate of the projected CDT collections.

As shown in the projection summary Table 1.1 on page 9, from 1988 to 2001 the compound annual growth rate (CAGR) in CDT collections had been 7.1%, and ranged as high as 17.9% and as low as (17.7%) in any individual year. Although the analysis in this report projects a CAGR of 3.1% from 2001 until 2012, excluding the 2001 collections, the CAGR is projected to be 5.6% from 2002 until 2012.

For sensitivity analysis purposes, a differential of +/- 1.5% to the projected annual CDT growth rate was utilized. As shown in Table 1.2 on page 11, if each year's projected CDT growth rate were off 1.5%, the resulting CAGR from 2002 to 2012 would be 4.1% (for -1.5% sensitivity) or 7.1% (for +1.5% sensitivity). The table also shows the differences in dollar amounts from what is projected to be collected. Due to the nature of compounding, the differences are relatively small in the early years, with a maximum annual maximum difference of +/- \$1.3 million in the first three years of the projection period. A graphical representation of the sensitivity is shown in Chart 1.5 on page 10.

In summary, MDC's hotel industry once again faces challenges. As in the past, MDC will rebound, albeit a bit slower than historical recoveries, and once again continue its cycle of CDT collection growth. External factors that could impact, and perhaps materially, the growth projections and their timing include additional terrorist attacks and warfare activities, quicker than expected changes in economic climate, the long-term continuation of hotel rate "discounting" practices, and other currently unforeseen factors.

CHART 1.1



MIAMI-DADE COUNTY

Convention Development Tax Review

CHART 1.2

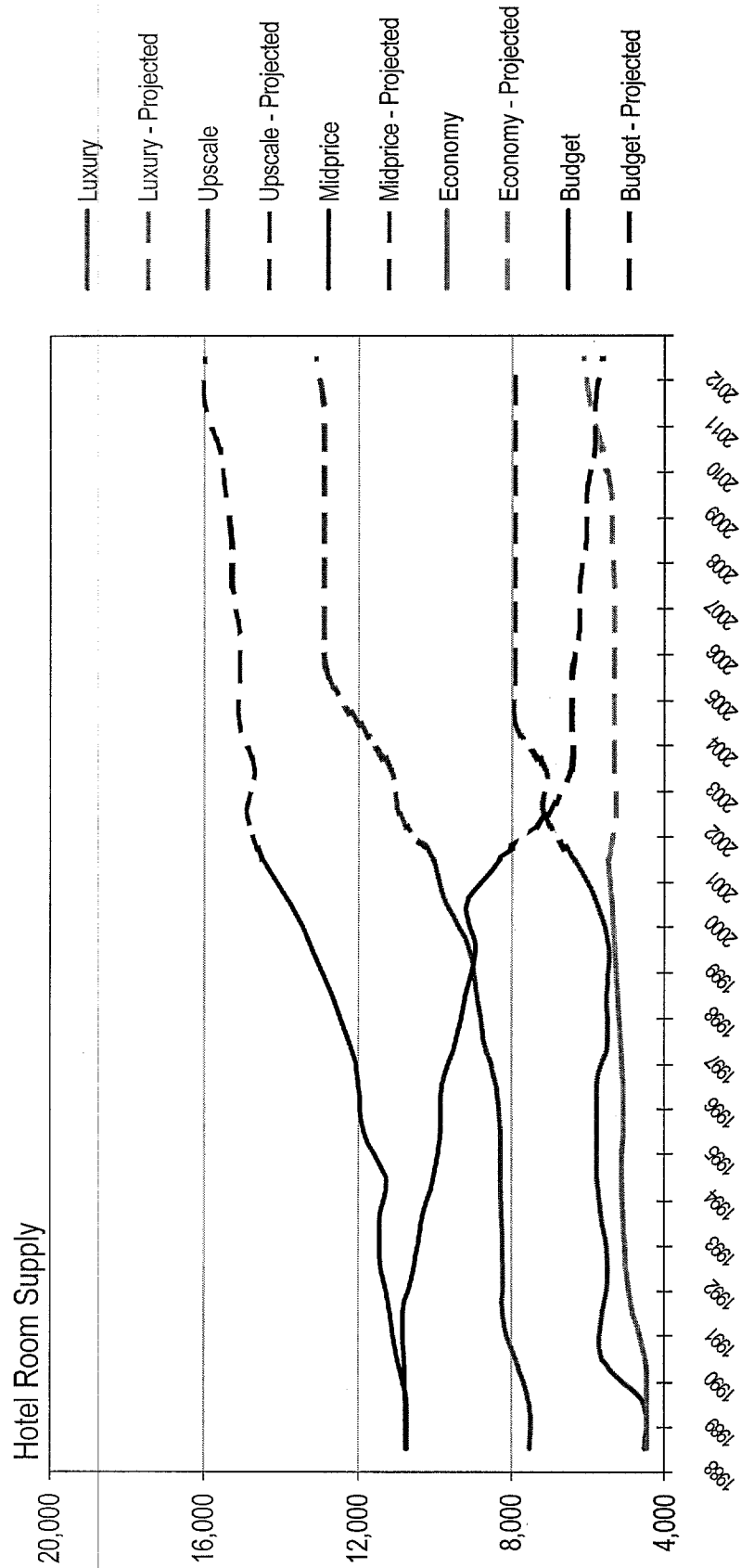


CHART 1.3

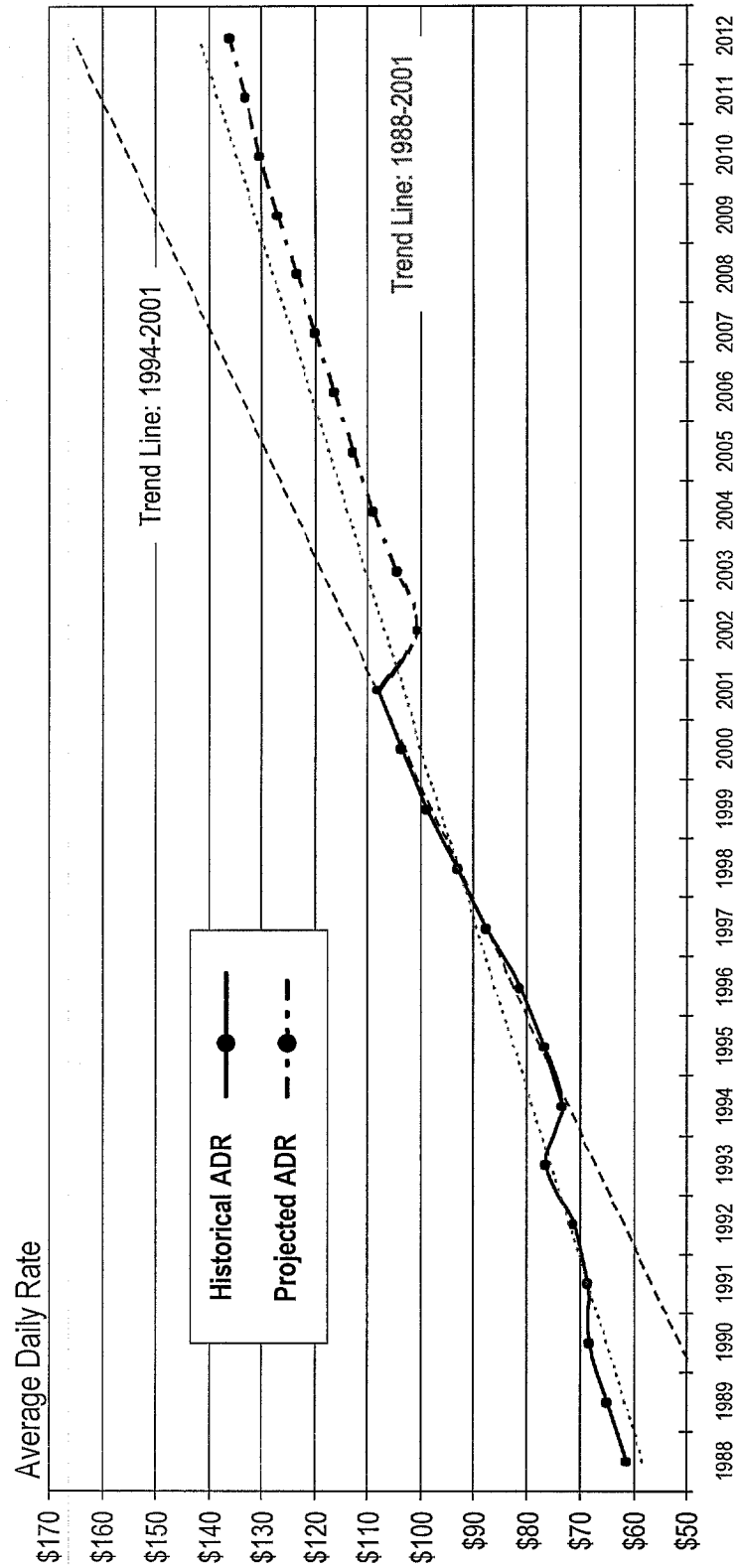
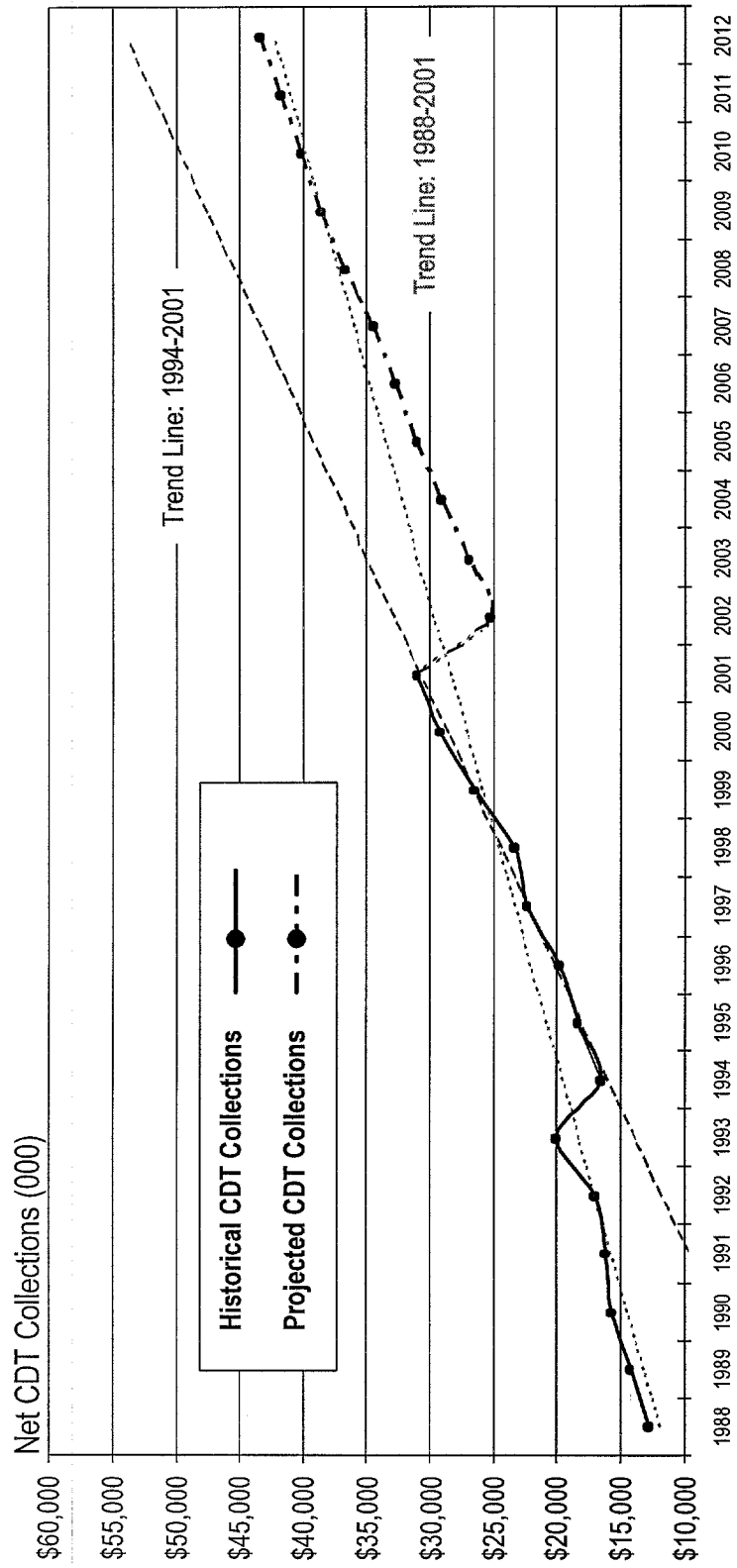


CHART 1.4



MIAMI-DADE COUNTY

Convention Development Tax Review

TABLE 1.1
Projection Summary

Fiscal Year Ending Aug 31	STR Hotel Room Supply	Growth Rate	Market Occupancy	Occupied Room Nights	Average Daily Rate	Growth Rate	Total		Variance Factor	Total Reported Hotel Sales	CDT Tax Rate	CDT Tax Collections		
							Calculated Hotel Sales	Hotel Sales				Gross	Admin Fees	Growth Rate
1988	37,911	-	69.5%	9,610,770	\$61.10	-	\$587,235,000	\$426,039,000	(27.5)%	\$426,039,000	3%	\$13,165,048	12,781,600	-
1989	39,674	4.7%	70.5%	10,202,737	64.85	6.1%	661,656,000	475,995,000	(28.1)%	475,995,000	3%	14,708,400	14,280,000	11.7%
1990	40,514	2.1%	72.1%	10,654,241	67.97	4.8%	724,187,000	524,746,000	(27.5)%	524,746,000	3%	16,214,466	15,742,200	10.2%
1991	40,542	0.1%	72.1%	10,668,115	68.36	0.6%	729,217,000	539,110,000	(26.1)%	539,110,000	3%	16,659,404	16,174,179	2.7%
1992	40,621	0.2%	72.6%	10,758,991	71.02	3.9%	764,113,000	565,367,000	(26.0)%	565,367,000	3%	17,470,749	16,961,892	4.9%
1993	40,352	(0.7)%	81.1%	11,940,820	76.35	7.5%	911,635,000	666,588,000	(26.9)%	666,588,000	3%	20,596,519	19,996,620	17.9%
1994	40,721	0.9%	66.4%	9,871,598	73.33	(4.0)%	723,957,000	548,397,000	(24.3)%	548,397,000	3%	16,946,014	16,452,441	(17.7)%
1995	40,925	0.5%	69.7%	10,411,826	76.57	4.4%	797,259,000	612,215,000	(23.2)%	612,215,000	3%	18,918,122	18,367,109	11.6%
1996	40,942	0.0%	70.7%	10,571,581	81.34	6.2%	859,876,000	660,815,000	(23.2)%	660,815,000	3%	20,419,305	19,824,568	7.9%
1997	41,426	1.2%	72.8%	11,010,715	87.45	7.5%	962,909,000	742,692,000	(22.9)%	742,692,000	3%	22,948,565	22,280,160	12.4%
1998	41,873	1.1%	70.7%	10,798,647	92.94	6.3%	1,003,623,000	779,915,000	(22.3)%	779,915,000	3%	24,100,343	23,398,391	5.0%
1999	43,656	4.3%	70.6%	11,243,521	98.70	6.2%	1,109,785,000	881,946,000	(20.5)%	881,946,000	3%	27,253,244	26,459,460	13.1%
2000	44,582	2.1%	71.4%	11,614,231	103.63	5.0%	1,203,607,000	972,876,000	(19.2)%	972,876,000	3%	30,063,362	29,187,730	10.3%
2001	45,368	1.8%	71.0%	11,758,975	108.18	4.4%	1,272,086,000	1,033,315,000	(18.8)%	1,033,315,000	3%	31,929,206	30,999,229	6.2%
2002	44,733	(1.4)%	63.4%	10,348,741	100.81	(6.8)%	1,043,305,000	855,510,000	(18.0)%	855,510,000	3%	25,665,000	25,152,000	(18.9)%
2003	46,717	4.4%	62.6%	10,676,843	104.55	3.7%	1,116,312,000	915,376,000	(18.0)%	915,376,000	3%	27,461,000	26,912,000	7.0%
2004	47,526	1.7%	63.8%	11,064,937	108.88	4.1%	1,204,720,000	987,870,000	(18.0)%	987,870,000	3%	29,636,000	29,043,000	7.9%
2005	47,446	(0.2)%	65.7%	11,375,201	112.85	3.6%	1,283,720,000	1,052,650,000	(18.0)%	1,052,650,000	3%	31,580,000	30,948,000	6.6%
2006	47,646	0.4%	67.1%	11,661,878	116.31	3.1%	1,356,388,000	1,112,238,000	(18.0)%	1,112,238,000	3%	33,367,000	32,700,000	5.7%
2007	47,546	(0.2)%	68.7%	11,928,231	119.92	3.1%	1,430,438,000	1,172,959,000	(18.0)%	1,172,959,000	3%	35,189,000	34,485,000	5.5%
2008	47,696	0.3%	70.0%	12,179,441	123.56	3.0%	1,504,895,000	1,249,063,000	(17.0)%	1,249,063,000	3%	37,472,000	36,723,000	6.5%
2009	47,846	0.3%	71.1%	12,419,772	127.09	2.9%	1,578,423,000	1,310,091,000	(17.0)%	1,310,091,000	3%	39,303,000	38,517,000	4.9%
2010	48,546	1.5%	71.3%	12,628,848	130.35	2.6%	1,646,199,000	1,366,345,000	(17.0)%	1,366,345,000	3%	40,990,000	40,170,000	4.3%
2011	48,746	0.4%	72.2%	12,841,992	133.12	2.1%	1,709,573,000	1,418,946,000	(17.0)%	1,418,946,000	3%	42,568,000	41,717,000	3.9%
2012	49,146	0.8%	72.8%	13,059,284	135.95	2.1%	1,775,473,000	1,473,643,000	(17.0)%	1,473,643,000	3%	44,209,000	43,325,000	3.9%

Compound Annual Growth Rates

'88-'01	1.4%	0.2%	1.6%	4.5%	6.1%	7.1%	7.1%
01-'12	0.7%	0.2%	1.0%	2.1%	3.1%	3.3%	3.1%
'02-'12	0.8%	1.4%	2.4%	3.0%	5.5%	5.6%	5.6%
'88-'12	1.1%	0.2%	1.3%	3.4%	4.7%	5.3%	5.2%

MIAMI-DADE COUNTY

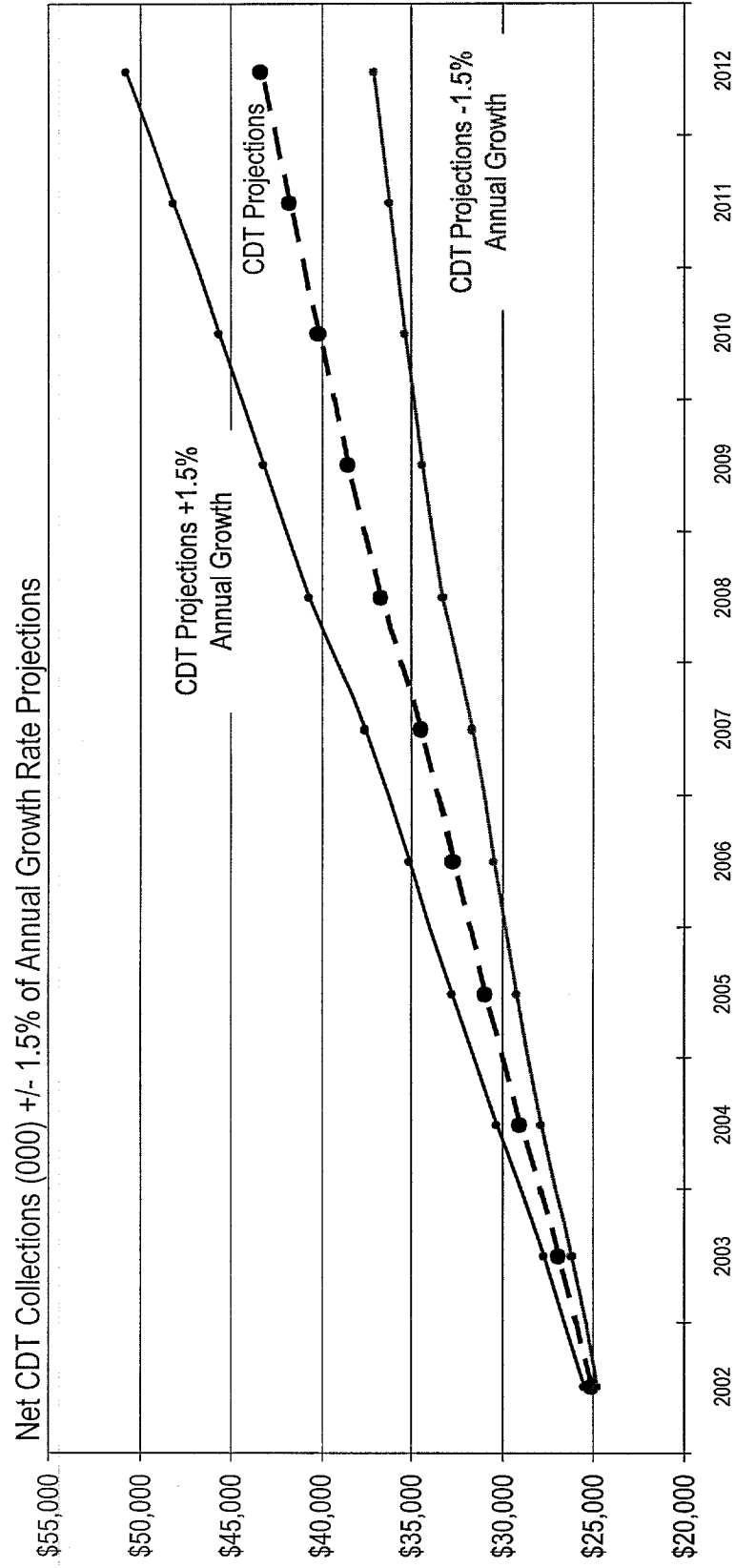
Convention Development Tax Review

TABLE 1.2
Sensitivity Summary

Fiscal Year Ending Aug 31	Projected Net CDT Collections	Projected CDT Growth	Sensitivity			
			-1.5%		+1.5%	
			New Growth	New CDT	New Growth	New CDT
				CDT Diff.		CDT Diff.
2001	\$30,999,229	-	-	-	-	-
2002	25,152,000	(18.9)%	(20.4)%	\$24,675,000	-\$477,000	\$25,605,000
2003	26,912,000	7.0%	5.5%	26,032,000	(880,000)	27,781,000
2004	29,043,000	7.9%	6.4%	27,698,000	(1,345,000)	30,392,000
2005	30,948,000	6.6%	5.1%	29,111,000	(1,837,000)	32,854,000
2006	32,700,000	5.7%	4.2%	30,334,000	(2,366,000)	35,219,000
2007	34,485,000	5.5%	4.0%	31,547,000	(2,938,000)	37,684,000
2008	36,723,000	6.5%	5.0%	33,124,000	(3,599,000)	40,699,000
2009	38,517,000	4.9%	3.4%	34,250,000	(4,267,000)	43,304,000
2010	40,170,000	4.3%	2.8%	35,209,000	(4,961,000)	45,816,000
2011	41,717,000	3.9%	2.4%	36,054,000	(5,663,000)	48,290,000
2012	43,325,000	3.9%	2.4%	36,919,000	(6,406,000)	50,898,000
CAGR:	5.6%			4.1%		7.1%

Note: Some amounts may differ due to rounding.

CHART 1.5
Sensitivity Analysis



INDUSTRY EXPERTS OPINE ON RECOVERY

"Lodging demand is highly correlated to GDP. . . The terrorist attacks of September 11 should be viewed as a event that has dislocated the joint between lodging demand and GDP. We believe the dislocating is temporary, but obviously, none of us knows how long it will take for the connection between lodging demand and GDP to resume." — Arne Sorenson, *Executive VP and CFO, Marriott International*, January 2002

"We simply do not know how long this will last nor how long the economy will take to recover." — Stanley Fischer, *Former IMF Deputy Director*, November 2001 interview with Central Banking

"We had seen significantly lower earnings in hotels across the country starting at the beginning of 2001. . . The phenomenon of September 11 and the current war against terrorism has an effect, but I don't think it's long term. . . It's probably a six — to 12 — month impact." — Curtis Davies, *First VP and Regional Director, Hotel and Leisure Advisory Group of CB Richard Ellis*, January 2002

"Upper upscale will be slower to recover, mid-priced and economy segment will see significant improvement as well as secondary and tertiary markets." — Mark Lomanno, *President, Smith Travel Research*, The Americas Lodging Investment Summit 2002

"The industry has behaved incredibly well. . . when economy turns industry will be poised for more growth than ever." — Jim Burba, *Worldwide Director of Advisory Services, Wimberly Allison Tong & Goo*, The Americas Lodging Investment Summit 2002

"We believe the recession will be brief and be mild. . . Recovery will be stronger than many believe but subdued by historical comparison." — Chris Varvares, *President, Macroeconomic Advisors, LLC*, The Americas Lodging Investment Summit 2002

"For the hotel segment, the fly segment will be hit a lot more than drive segment, internal meetings more than external meetings, business travelers may stop making one or two-day trips and start bundling them together." — Tom Barkin, *Director, McKinsey & Company, Inc. (Travel Industry)*, The Americas Lodging Investment Summit 2002

"2002 occupancy to decrease to 59.4%, the lowest in all but seven out of the last 75 years. . . The most expensive hotels are being hurt the most. . . Mid-scale without food and beverage, which is the strongest performer, has the least reliance on air travel and is less urban focused" — Bjorn Hanson, *Global Industry Partner — Hospitality & Leisure, PricewaterhouseCoopers*, The Americas Lodging Investment Summit 2002

"We thought we might not even see 60% occupancies in the near term. . . But we've been seeing 70% and up for the near term, and that's encouraging." — Dan Gibson, *Senior VP of Corporate Affairs, Starwood Hotels & Resorts Worldwide*, January 2002

"People who stay in luxury hotels have a certain lifestyle, and the attitude is they live their lives the way they choose. They are not as intimidated by mass-market travel concerns." — Paul McManus, *President and CEO, Leading Hotels of the World*, January 2002

FACTORS IMPACTING THE PROJECTIONS

There are several external factors that could impact the projection. The following lists the general economic assumptions utilized in the projection regarding these factors. It is assumed:

1. The U.S. and world will not experience an extended economic recession.
2. Area public and private destination marketing organizations will continue and appropriately enhance their marketing efforts to promote meetings and tourism to the area.
3. There will be no further terrorist attacks that significantly influence the U.S. economy.
4. There will not be an expansion of the war on terrorism that impacts the travel and tourism industry.
5. There will be no new worldwide political conflicts that significantly influence the U.S. economy.
6. No natural disasters will occur that significantly impact travel and tourism in the area.

APPENDIX

Convention Development Tax Review

Table A: Recent Properties

<u>Property</u>	<u>Market Area</u>	<u>Number of Rooms</u>	<u>Opening Date</u>
1998			
Loews Hotel	Miami Beach	825	Dec-98
Homestead Village Hotel	Airport	149	Sep-98
1999			
Miccosukee Indian Resort	West Dade	302	Jan-99
Comfort Inn	West Dade	182	Feb-99
Courtyard By Marriott	Aventura	166	Apr-99
Fortune House	Downtown	160	Jan-99
Summerfield Suites Hotel	Airport	156	Oct-99
Residence Inn, Coconut Grove	Coconut Grove	140	Oct-99
Candlewood Suites	Airport	128	Aug-99
Turnberry Isle*-Jasmine Wing	Aventura	124	Aug-99
Sovereign House	Miami Beach	107	Oct-99
Towneplace Suites By Marriott	Airport	95	Sep-99
Towneplace Suites By Marriott	Miami Lakes	95	Jun-99
Baymont Inn	Airport	92	Sep-99
Bentley Suites	Miami Beach	58	Jun-99
Coral Sands (Sunterra Resort)	Miami Beach	46	Jan-99
Red Roof Inn*	Airport	45	Jan-99
Fontainebleau Hilton*	Miami Beach	15	Sep-99
2000			
Mandarin Oriental Hotel	Brickell (Downtown)	329	Nov-00
J.W. Marriott	Brickell (Downtown)	300	Sep-00
South Beach Marriott	Miami Beach	236	Sep-00
Ocean Point Hotel	Sunny Isles	166	Dec-00
Homewood Suites	Airport	151	Sep-00
Miami Intercontinental Airport	Airport	150	Apr-00
Hampton Inn & Suites	Airport (Blue Lagoon)	147	Jun-00
Hampton Inn	West Dade	121	Mar-00
Extended Stay America	West Dade	109	Sep-00
Stay Bridge	Airport	96	Apr-00
2001			
Shore Club	Miami Beach	325	Apr-01
Ritz Carlton, Grand Bay	Key Biscayne	402	Jul-01
Hampton Inn	South Dade	131	Apr-01
Extended Stay America**	Brickell (Downtown)	107	Jun-01

Table B: Future Properties

<u>Property</u>	<u>Market Area</u>	<u>Number of Rooms</u>	<u>Opening Date</u>
2002			
Royal Palm Crown Plaza	Miami Beach	422	First Qtr., 02
Ocean Grande Resort Hotel	Sunny Isles	362	Mar-02
Castellita	Sunny Isles	278	Dec-02
Mutiny Park Hotel/ Sonesta	Coconut Grove	224	First Qtr., 02
Atlantic Hotel	Miami Beach	200	TBD,02
Courtyard By Marriott**	Dadeland	120	Mar-02
Ritz Carlton, Grove	Coconut Grove	120	Third Qtr., 02
Bentley Beach Hotel	Miami Beach	98	Summer,02
Residence Inn, Dadeland**	Dadeland	80	Mar-02
W Miami - South Beach	Miami Beach	80	Dec-02
2003			
Ritz Carlton, Miami Beach	Miami Beach	380	First Qtr., 03
Four Seasons	Brickell (Downtown)	222	Late 03
Williams Island	Aventura	117	Jun-03
Setai Hotel**	South Beach	90	Spring, 03
2004			
Brickell Premier Hotel**	Brickell (Downtown)	120	Spring, 04

3% Transient Lodging (Miami-Dade County except Bal Harbour)

FULL 100% BUDGET: **\$29,474,000**

MEMORANDUM

Agenda Item No. 10(A)(5)

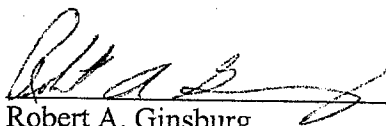
TO: Honorable Chairperson Barbara Carey-Shuler, Ed.D.
and Members, Board of County Commissioners

DATE: November 4, 2003

FROM: Robert A. Ginsburg
County Attorney

SUBJECT: Resolution relating to a
ballpark for the Florida
Marlins

The accompanying resolution was prepared and placed on the agenda at the request of Chairperson Barbara Carey-Shuler, Ed.D., Commissioner Jose "Pepe" Diaz, Commissioner Sally A. Heyman, Commissioner Dennis C. Moss, Commissioner Dorrin D. Rolle, Commissioner Rebeca Sosa and Senator Javier D. Souto.


Robert A. Ginsburg
County Attorney

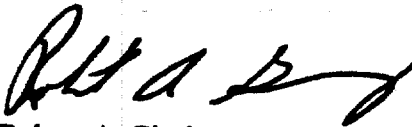
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MEMORANDUM

(Revised)

TO: Hon. Chairperson Barbara Carey-Shuler, Ed.D. DATE: November 4, 2003
and Members, Board of County Commissioners

FROM: 
Robert A. Ginsburg
County Attorney

SUBJECT: Agenda Item No. 10(A)(5)

Please note any items checked.

- ☐ "4-Day Rule" ("3-Day Rule" for committees) applicable if raised
- ☐ 6 weeks required between first reading and public hearing
- ☐ 4 weeks notification to municipal officials required prior to public hearing
- ☐ Decreases revenues or increases expenditures without balancing budget
- ☐ Budget required
- ☐ Statement of fiscal impact required
- ☐ Bid waiver requiring County Manager's written recommendation
- ☐ Ordinance creating a new board requires detailed County Manager's report for public hearing
- ☐ Housekeeping item (no policy decision required)
- ☒ No committee review

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 10(A)(5)
11-4-03

RESOLUTION NO. _____

RESOLUTION PLEDGING AVAILABLE CONVENTION
DEVELOPMENT TAX AND PROFESSIONAL SPORTS
FRANCHISE FACILITY TAX PROCEEDS FOR THE
DEVELOPMENT AND CONSTRUCTION OF BALLPARK
FOR FLORIDA MARLINS, L.P.; APPROVING CERTAIN
CONDITIONS AND AUTHORIZING COUNTY MANAGER TO
NEGOTIATE ANY AND ALL RELATED AGREEMENTS
SUBJECT TO FINAL BOARD APPROVAL

WHEREAS, this Board desires to provide financial support for the development and construction of a ballpark for the Florida Marlins, L.P. at a cost that is not anticipated to exceed, excluding the cost of land, \$325 million ("Ballpark"),

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that:

Section 1. The County agrees to pledge Convention Development Tax proceeds ("CDT") in an amount sufficient to secure \$35 million of indebtedness and Professional Sports Franchise Facility Tax proceeds ("PST") in an amount sufficient to secure \$38 million of indebtedness for the development and construction of the Ballpark for the Florida Marlins, L.P. (Team) if (i) the Team will contribute \$137 million towards the development and construction of the Ballpark subject to the Team receiving financing upon reasonable terms; (ii) prior to March 15, 2004, a financing plan shall be finalized for the Ballpark; and (iii) the Team will be responsible for any and all Ballpark construction cost overruns subject to having control of the Ballpark design and construction.

Section 2. In the event the conditions set forth in Section 1 are not met, the pledge will be null and void.

Section 3. The Board hereby authorizes the County Manager to negotiate all required agreements with the Team and other parties for subsequent Board approval.

The foregoing resolution was sponsored by Chairperson Barbara Carey-Shuler, Ed.D., Commissioner Jose "Pepe" Diaz, Commissioner Sally A. Heyman, Commissioner Dennis C. Moss, Commissioner Dorrin D. Rolle, Commissioner Rebeca Sosa and Senator Javier D. Souto, and offered by Commissioner _____, who moved its adoption. The motion was seconded by Commissioner _____ and upon being put to a vote, the vote was as follows:

Dr. Barbara Carey-Shuler, Chairperson	
Katy Sorenson, Vice-Chairperson	
Bruno A. Barreiro	Jose "Pepe" Diaz
Betty T. Ferguson	Sally A. Heyman
Joe A. Martinez	Jimmy L. Morales
Dennis C. Moss	Dorrin D. Rolle
Natacha Seijas	Rebeca Sosa
Sen. Javier D. Souto	

The Chairperson thereupon declared the resolution duly passed and adopted this 4th day of November, 2003. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

Gerald T. Heffernan



4



Private Management for Public Facilities

MEMORANDUM

Doug Tober
General Manager
Miami Beach Convention Center
Jackie Gleason Theater

To: Christina Cuervo
Mayra Diaz Buttacavoli

Cc: Tim Hemstreet
Thom Connors

Date: September 11, 2002

Re: Preferred Lot Convention Center Expansion Scope

In follow up to our recent meeting, below please find a brief recap of the steps leading up to the current initiative to expand the Miami Beach Convention Center onto the current Preferred Parking Lot west of the Center. I have also included what I would envision as a preliminary program of the facility.

Background

The expansion of the Miami Beach Convention Center onto the Preferred Parking Lot existed as conceptual in master plans of the area dating back at least to the mid-1980's, when as part of the expansion of the Center onto the east lawn with what is now Halls A&B and the east meeting rooms, Thompson Ventulett Stainback & Associates (TVSA), the architects for the expansion, developed a master plan earmarking the west lot for future expansion. This intended use was reiterated by the Convention Center Advisory Board via resolution to the City Commission in August 1998.

In 1997, SMG, in conjunction with TVSA and the City, developed a Long Term Capital Projects Plan for the Miami Beach Convention Center and Jackie Gleason Theater. This plan addressed in the short term a five-year plan to be funded in part by \$35 million from a 1996 City of Miami Beach-Dade County Interlocal Agreement, as well as an extended outline for a twenty-five year period addressing major mechanical elements of the existing facility. Within that Plan, there was included a \$35 million line item contemplated for the construction of a parking structure on the Preferred Lot that would incorporate a high-ceiling on the first level to accommodate outdoor exhibits and truck marshalling as well as standard vehicle parking.

In 2001, the City of Miami Beach hired Bernard Zyscovich to develop a master plan for the Convention Center District, principally to address best use for the current surface parking lots on the southwest corner of Washington Avenue and 17th Street, but to additionally consider uses for other prime undeveloped sites in the area. In that study, Mr. Zyscovich programmed the development of an expansion of the Convention Center on the Preferred Lot to incorporate additional exhibit space and enhance parking capacity for the area through a combination structure for parking and convention space.

Coincidentally, in November 2001, the Greater Miami Convention & Visitors Bureau released a report commissioned from Convention, Sports & Leisure International (CSL), examining the potential expansion of convention facilities in Greater Miami & the Beaches. In that study, CSL concluded that while indicators did not exist to point to expansion of exhibit space for the Miami Beach Convention Center, one significant lacking of the facility was that of a ballroom component, now considered by the industry as a strong necessity to attract top-level convention business. CSL recommended an expansion of the Center to incorporate a 50,000 square foot multi-purpose room of a high finish (ballroom), to accommodate general session and/or food service components for highly desired convention business.

Preliminary Program Elements

In consideration of the four above studies, and extracting information from each of them, below I have outlined what I feel to be the necessary components to be included in the proposed expansion of the Miami Beach Convention Center. This preliminary program should be considered toward a starting point in the development of a Scope of Services for a Request for Qualifications to be issued to secure an architecture and engineering firm for the development of the proposed expansion in conjunction with the proposed parking structure to the west of City Hall, but should not be construed as a complete program for any expansion.

Multi-Purpose Room Component

The centerpiece leasable component of the expansion is the development of a multi-purpose room/ballroom space. The space should be able to accommodate up to 4,000 persons seated in either theater-style general session configuration or for food service functions at 72" round banquet tables set for 10 persons per table. It would also be available for small trade shows and exhibitions, estimating capacity of up to approximately 300 booths. The configuration should accommodate a temporary, portable session/performance stage within the space with a depth of up to 40', with an additional capability of handling rear screen projection requirements. Based on these assumptions, the room would be approximately 60,000 square feet. The space would be of a ballroom-level finish, with carpeted floors and high finish wall and ceiling treatments and trim levels. Lighting would be flexible to handle exhibit usage as well as banquet ambiance, so chandelier-type fixtures would be supplemented with high-output, high-efficiency lighting as well. The floor would be equipped with utility distribution for exhibits, and the ceiling would be able to accommodate high-impact rigging for production. In addition to the floor distribution for utilities, enhanced power distribution for production should be included.

With regard to vertical placement, positioning at grade would provide the easiest access for attendee and equipment loading. However, incorporating the space at a higher level to provide for more ground level functions as described in the parking component section, as

well as possibly improving the phasing of construction to minimize disruption to the ground level functions may be considered. If the space is raised, attention to vertical circulation from street level, parking levels, and existing center connection should be considered.

The space would be augmented with all required support functions, to include appropriate restrooms, pre-function space, service corridors, kitchen facilities, and storage sufficient for standard equipment. As general rule of thumb, these support functions would be expected to double the square footage of the prime space.

Meeting Room Component

It would be desirable to include a smaller meeting room complement for small breakout functions of groups using the space. It would be estimated that approximately 9,000-10,000 square feet of flexible sized (combination of permanent and temporary walls) meeting rooms would be desirable. These rooms would be of a standard meeting room finish level, with flexible lighting and standard utility inclusion.

Parking Component

The parking component of the expansion would be used to replace and enhance the existing Preferred Lot capacity of 800 spaces. It would be desirable to incorporate parking for a minimum of 1,500 cars, and preferred to approach a capacity of 2,000 cars on three to four levels. Design consideration should be given to the ability to use the first level for not only car parking, but also truck marshalling and covered exhibit space to accommodate the Boat Show and possibly others. The ability to handle marshalling of trucks mandates a minimum of a 15' ceiling height; in discussion with the Boat Show, the majority of their exhibitors could be accommodated with a 20' ceiling, with a 35' ceiling handling all exhibitors. Therefore, the garage structure should include a first level with a minimum raised ceiling height of at least 20', understanding that costs would most likely prohibit a 35' ceiling height, and reassignments of exhibitor location could handle those few exhibitors needing more ceiling height. Additionally, minimization of columns on the first level should try to be achieved in order to simplify movement of trucks and placement of exhibits.

Connection to Existing Facility

Connection to the existing facility should be carefully considered. It is envisioned that a raised, covered walkway/bridge would connect an upper level of the structure with the second level of the Convention Center on the Hall C concourse. Additionally, Convention Center Drive between 18th Street and 19th Street could be enhanced to a higher level of finish (i.e. pavers, landscaping, medians) and adapted for temporary bollard placement to allow for street closings when appropriate. This area would become an higher level bus drop-off area, a circulation plaza to be used as function space for receptions, etc., and ground level passage between the two facilities. It naturally would also be used for exhibit space during the Boat Show.

Conclusion

In anticipation of the time required to construct this project, I would suggest that we consider moving forward with the referral to the Finance and Citywide Projects Committee of the City Commission to seek a commitment to begin the framework of the project. The next step

would be the issuance of an RFQ for architectural and engineering services to formulate the concepts discussed into a formal program development, moving on into schematic design, design development, construction document development and finally construction. Understanding the time required for all of these steps, I feel it important to at least begin the process sooner rather than later, while working to secure final funding plans to accomplish construction. As discussed, SMG Corporate is available in a number of capacities to the City to assist in program development and other reviews throughout the process, and we are anxious to work with the City on this exciting opportunity. Please let me know any further ways in which we can help in facilitating this project.